



## COUNTRY RISK WEEKLY BULLETIN

### NEWS HEADLINES

#### MENA

##### Country risk improves in region

*Euromoney* magazine's semi-annual survey on global country risk shows that risk in the MENA region improved in the past 6 months as well as on an annual basis. The average rating score of 20 countries in the MENA region reached 51.36 points in September 2007, up 3.4% from 49.66 points in March and 4.8% from 49 points in September 2006. Also, the average score of the Arab countries reached 50.88 points, up 3.5% from 49.16 points in March and 5.2% from 48.37 points year-on-year. The scores of 18 MENA countries improved and 2 regressed from March, while the scores of 17 countries improved, 2 regressed and one was unchanged from September 2006. The rankings of 11 MENA countries improved, 3 declined, and 6 remained unchanged from last March, while the rankings of 9 countries improved, 5 declined and 4 remained unchanged from September 2006. The UAE remained the country with the best risk ratings in the MENA region while Iraq continued to have the worst country risk.

Source: *Euromoney, Byblos Research*

#### GCC

##### Proposal for time limits on foreign labor

The Gulf Cooperation Council's labor ministers plan to evaluate a proposal for a six-year residency cap on unskilled expatriate workers. The ministers will discuss at a meeting in November the 3+3 law, which allows unskilled workers to stay in the country for three years and authorizes the renewal of their residency for another three years. The law is intended to contribute to solving the problems associated with the influx of foreign workers. The residency cap plan, if approved by the different ministers, will be submitted first to the executive office of the GCC general secretariat and later to the general secretariat before it could be reviewed at the GCC summit in Doha in December.

Source: *Gulf News*

#### ARMENIA

##### Congressional committee labels Armenian massacre as 'genocide'

The U.S. House of Representatives Foreign Affairs Committee approved Resolution 106 that label the Ottoman Empire's World War I massacre of Armenians as "genocide." The committee voted for the non-binding resolution by 27 votes to 21. The text says the killings of up to 1.5 million Armenians was a "genocide" that should be acknowledged fully in U.S. foreign policy towards Turkey, along with "the consequences of the failure to realize a just resolution." Turkish President Abdullah Gul denounced the vote as "unacceptable" and accused the House members of sacrificing U.S. interests to "petty games of domestic politics," while the U.S. State Department expressed regret at the vote and said it hoped the move would not interfere with relations with Turkey. The measure is likely to be sent to a vote in the full House, where a majority has already signed on to the resolution. A parallel measure is in the U.S. Senate pipeline.

Source: *AFP*

#### SAUDI ARABIA

##### Decree on rules to implement succession law

King Abdullah bin Abdul-Aziz Al Saud issued a royal decree detailing regulations to implement a succession law that aims to ensure a smooth transfer of power and help defuse rifts within the ruling family over future kings and crown princes. The 18 articles listed in the new regulations outline who can become a member of the Allegiance Commission, the body that was entrusted with voting for future kings by a law issued in October 2006. They also stipulate what should be done if a member dies and how a crown prince should be chosen. Under the new executive statute, the commission should be composed of the sons of the founder, King Abdul-Aziz Al-Saud. If the sons are deceased, incapacitated or not interested, then the membership goes to one of their sons. Upon the death of the king, the Allegiance Commission immediately holds a meeting to name the crown prince as king, according to the new regulations. Within 10 days, the king has to send a letter to the commission's chairman with the name of the person he has chosen as his crown prince or to ask the commission to nominate the crown prince. The commission should do so within 10 days of receiving the king's letter.

Source: *Associated Press*

#### LIBYA

##### EU talks to establish framework for cooperation

The European Union agreed on a quick start to talks with Libya to establish an EU-Libya framework agreement that will cover areas of mutual interest such as human rights, migration, trade, energy and tourism. The objective of the policy of engagement will be to set EU-Libya relations into an appropriate and coherent long-term framework. EU ties with Libya were stalled for years over charges that the oil-rich state supported terrorism but the 27-nation bloc announced in July it would boost ties after Libya freed Bulgarian nurses accused of infecting Libyan children with HIV.

Source: *Reuters*

#### EMERGING MARKETS

##### IFC launches \$5bn currency fund

The World Bank Group announced it will launch a \$5bn bond fund to help emerging economies attract more investment by developing their local currency bond markets. It added that the move would help drive financial sector development in emerging markets, boost prospects for growth, and help overcome poverty. The Global Emerging Markets Local Currency Bond Fund, which will be structured by the World Bank and managed by a private sector fund manager, will raise money from public and private institutional investors. It aims to provide greater liquidity and depth to local currency bond markets and offer investors a diversified portfolio of local currency bonds.

Source: *International Finance Corporation*

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# OUTLOOK

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## EMERGING MARKETS

### Markets prepared to face global economic slowdown, tight credit

Standard & Poor's indicated that emerging markets (EMs) have many reasons to be cautious about the impact of the housing-related fallout in the U.S., as well as the recent illiquidity in the short-term lending markets in the U.S. and Europe. It said market indicators suggest a definitive turn for the worse in the global credit cycle, reflected by increased volatility as well as corporate bond spreads and credit default swap premiums. Further, fears of a decisive carry trade meltdown, draining of EM funds and flight to quality from riskier investments all create a notable level of nervousness.

But the agency noted that EMs face this renewed financial volatility from a position of substantively greater strength than they had in previous rounds of instability. S&P cited stronger domestic demand and growth rates in emerging economies and reduced reliance on export trading, generally healthier current account balances and higher domestic savings, elevated levels of FDI inflows, reduced volatility in EM currencies, relatively large foreign reserves, diversified portfolios in emerging markets that are less susceptible to chain reactions, and the declining role of the U.S. as the largest global economic player and the biggest purchaser of global exports. Further, EMs have made great strides in reducing structural barriers to growth, implementing prudent debt management policies and reducing indebtedness, and adopting flexible currency policies. As a result, the long-term outlook for corporate credit quality in EMs remains sound despite the sharp increase in near-term credit-market instability.

In parallel, S&P warned that rising recession risks in the U.S. could hurt exports from EMs, compromising one of the key growth factors in recent years. Also, the boom in liquidity and the low spreads on offer have accelerated credit growth in some emerging markets, in turn generating inflation vulnerabilities, exchange-rate appreciation, and export competitiveness. Also, persistent financial volatility and an uncertain pricing environment may discourage investors from seeking EM assets.

*Source: Standard & Poor's*

## YEMEN

### Expected real GDP growth of 3.7% in 2007

The International Monetary Fund welcomed Yemen's generally favorable economic performance and the progress made on a number of structural reforms. It projected real GDP growth of 3.6% in 2007, with oil GDP contracting by 10% and non-oil GDP growing by 5.2%. It said Yemen faces considerable challenges to generate strong non-oil growth, while ensuring fiscal and external stability, as oil production has been declining since 2000 and proven oil reserves could be depleted in about 10 years. It expected the overall deficit to significantly widen to 4.6% of GDP this year from 0.2% in 2006, as the approved budget maintains high spending levels despite lower oil revenues. The IMF called for fiscal restraint, including public sector wage restraint, and stressed the need to frontload fiscal adjustment. It supported the gradual phasing out of domestic

fuel subsidies, which continue to absorb about 8% of GDP. It also encouraged efforts to increase non-oil revenues and focus spending towards priority areas. In parallel, the current account is forecast to post a deficit of 3.8% this year compared to a surplus of 3.2% of GDP last year, while external debt is stable at 26% of GDP, down from 27% of GDP last year.

The Fund noted that Yemen's relations with the international community have improved. A Consultative Group meeting held in November 2006 in London succeeded in generating almost \$5bn in pledges, underwriting a large part of Yemen's Public Investment Program for 2007-10, with half of the pledges coming from GCC countries. Also, Yemen was reinstated in the U.S.'s Millennium Challenge Corporation's threshold program, and authorities recently committed to join the Extractive Industries Transparency Initiative.

The IMF indicated that the shallow financial intermediation, along with a relatively high level of dollarization, is limiting the effectiveness of monetary policy, and encouraged the Central Bank of Yemen (CBY) to continue to rely substantially on the exchange rate as a nominal anchor in order to achieve lower inflation. It said inflation is expected to decline to 12% in 2007 from 22% in 2006. It viewed that the removal of the minimum interest rate for rial deposits would allow the CBY to conduct a more active interest rate policy and enhance financial intermediation. The IMF stressed that deepening financial markets will be essential to ensure strong non-oil performance, and also recommended further strengthening of banking supervision. It encouraged authorities to request a Financial Sector Assessment Program update, which would help to assess potential risks in the financial system and to develop an agenda for financial sector reforms. Gross foreign reserves are expected to end the year at \$8bn, equivalent to 12.6 months of imports of goods and services.

*Source: International Monetary Fund*

## DEM. REP. CONGO

### Banking sector vulnerabilities need to be addressed

The International Monetary Fund declared that the Democratic Republic of Congo needs to improve banking supervision and address commercial bank vulnerabilities in order to improve confidence in the financial sector and deepen financial intermediation. It noted that financial sector development indicators compare unfavorably with other Sub-Saharan African countries, as banking assets were equivalent to 8% of GDP and private sector credit was equivalent to 2% of GDP at end-2006, compared to 25% and 15% of GDP, respectively, for the region. The IMF said the Central Bank's (BCC) priorities should include completing the restructuring of banks started in 1998 and raising the minimum capital requirement, enhancing competition by granting licenses to new banks that have a reference shareholder, strengthening on-site supervision, reinforcing compliance with prudential ratios, and bringing regulation in line with international standards. In parallel, the Fund called for the BCC to implement reforms to improve financial transactions, restore its independence and enhance the credibility of the Congo franc, as foreign currency loans were equivalent to 88% of total loans and foreign currency deposits were at 76.4% of total deposits.

*Source: International Monetary Fund*



# ECONOMY & TRADE

## SYRIA

### **New law eases transfer of Syrian firms to limited liability status**

A new law issued in early October allows sole ownership and family proprietorship firms to re-value their assets to their actual worth at a very low cost, and encourages the transfer of these companies to limited liability and shareholding entities. Currently, the vast majority of Syrian companies are sole or family proprietorships. Until now the re-evaluation of assets of Syrian companies was taxed at between 14% and 28%, the same rates that applied to income tax. Law 61 sets the rate at between 1-2% of the differential in value. The new law also exempts companies from any additional taxes or customs fees ensuing from the re-evaluation of their assets. The law offers firms the option to transfer to limited liability and shareholding status in the coming three years at a cost of 2% of their assets. The new law aims to increase the financial transparency of firms, give a clearer picture of private sector activity and ease access to finance.

*Source: Syria Report*

### **Employees at state firms to get share of profits**

A new law has authorized state-owned firms to disburse up to 2% of annual profits to their employees. Law N°59, issued on October 1st, states that a maximum of 2% of net profits will be allocated to the employees of state-owned enterprises. The move is aimed at encouraging productivity in state firms and is part of the authorities' attempt to improve the overall performance of government companies.

*Source: Syria Report*

## JORDAN

### **External shocks are main source of vulnerability**

Moody's Investors Service declared that Jordan's sovereign ratings are underpinned by generally sound economic policies, robust growth and comfortable external liquidity, but are constrained by low GDP per capita, a large public debt, and the country's vulnerability to external shocks. The agency rates Jordan's foreign currency government bonds at 'Ba2' with a stable outlook, two notches below investment grade. It said capital inflows such as FDI and other long-term private capital have helped the Central Bank to accumulate foreign exchange reserves in the face of a wide current account deficit. Moody's added that Jordan's ratings are constrained by a number of factors, mainly the country's vulnerability to external shocks. The agency said the steep rise in international oil prices since 2003, coupled with a sharp fall in external grants, has precipitated a marked deterioration in the external current account and raised underlying fiscal pressures. It indicated that Jordan's strong international relations, particularly with the U.S., will ensure a degree of foreign support in times of economic difficulty, but the level of support will remain unpredictable. An additional risk is that rapid credit growth in recent years could start to affect the financial strength of commercial banks.

*Source: Moody's Investors Service*

## EGYPT

### **Reduction of Israeli component of QIZ exports to U.S.**

The United States, Egypt and Israel agreed to reduce the mandatory Israeli component in Egyptian exports to the U.S. through the Qualifying Industrial Zones (QIZ) to 10.5% from 11.7%. Under the QIZs program, Egyptian exports can enter the U.S. without quotas or tariffs, provided that a portion of the value of the exports is added by Israeli producers. Egyptian exports to the U.S., particularly of textiles, have risen rapidly since the QIZ system was introduced in December 2004. Egypt also submitted a request to the U.S. to expand the QIZ program to 8 additional zones in southern Egypt. Egyptian exports under QIZs rose to \$1.275bn in the second half of 2007, with about 689 companies participating in the program.

*Source: Reuters, Al-Ahram*

## KAZAKHSTAN

### **S&P downgrades rating**

Standard & Poor's downgraded Kazakhstan's long-term foreign currency by one notch to 'BBB-', the lowest investment grade category, citing funding problems in the country's financial system. The agency placed last week the ratings on CreditWatch with a negative outlook. S&P attributed the downgrade to the fact that falling domestic depositor confidence and difficulty in refinancing maturing international debt have forced Kazakh banks to seek short-term funding from the National Bank of Kazakhstan. This support has totaled about \$11bn so far, equal to about 75% of the nation's monetary base. As a result, the NBK's foreign reserves have fallen by \$5bn to \$18.4bn and domestic interbank deposit rates have risen to 9% from 6%. S&P expects economic growth to slow sharply from its current rate of 10%, and for asset quality concerns to emerge in many of the country's banks. S&P warned that the sovereign rating could come under further pressure if the NBK's decision to help fund the rollover of loan obligations does not reverse the loss of public confidence. The ratings agency said its long-term outlook for the country was stable.

*Source: Standard & Poor's*

## UKRAINE

### **Annual inflation at 15.4% in September**

Consumer price inflation rose by 2.2% in September, sharply higher than the market consensus of 0.7%. Inflation increased on an annual basis to 14.4% in September from 14.2% in August, constituting a 26-month high. The unexpectedly sharp increase in September inflation was due mainly to a further surge in food prices of 3% on a monthly basis, while annual food price inflation rose to 15.4% from 13.3% in August. Non-food prices rose 0.4% monthly and stayed flat on an annual basis at 1.1%. The very strong increase in September inflation means that the official end-2007 forecast of 7.5% will likely be exceeded by a very large margin. It also creates a risk that end-2007 inflation will top the 2004 level of 12.3% and therefore be the highest since 2000.

*Source: Credit Suisse*



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# BANKING

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## SYRIA

### Central Bank to issue government securities

A new law issued in early October authorized the issuance of Treasury securities by the Central Bank of Syria, making it the first time such securities are allowed in the country. Law No 60 stipulates the issuance of Treasury bills with a maturity of one year or less and of Treasury bonds with a maturity of one to 30 years. The law stipulates that proceeds from the issuance of T-bills and bonds will go only to finance the budget deficit, finance projects of national importance, provide financing in case of catastrophes or emergency situations, repay the public debt, and to manage short-term government cash flows. The law also sets a ceiling of 80% of GDP for the public debt. Currently, the Finance Ministry borrows directly from the CBS to finance the budget deficits and other financing requirements. The law now requires the ministry to seek financing from the CBS through Treasury securities. The first issuance of the securities is expected in early 2008.

Source: *Syria Report*

## LIBYA

### Government to sell 19% stake in Al-Wihda Bank

The government has offered to sell a 19% stake in Al-Wihda Bank, the country's fifth largest state-owned bank. The government's Social Development Fund owns 73% of the bank. The Central Bank said it is offering the 19% stake to a strategic investor who will have the right to increase its stake to 51% over the medium term. The Central Bank set October 31st as the closing date for bidders to send their offers. Rothschild & Cie is advising on the transaction. The move is part of a strategy to restructure, develop and modernize the banking sector. Earlier this year, Libyan authorities sold a 19% in Sahara Bank to BNP Paribas in the country's first bank privatization. BNP will get management control and has the right to raise its stake to 51%.

Source: *Reuters*

## UKRAINE

### Commerzbank acquires Bank Forum

Commerzbank, the third largest bank in Germany, announced that it has acquired a 60%-plus-one-share stake in local lender Bank Forum for \$600m. Commerzbank added that it has an option to acquire an additional 25% stake in the lender after three years. The deal, which values the full stake in Bank Forum at \$1bn, is subject to regulatory approval. Through the acquisition, Commerzbank becomes the first German bank to have an operational retail presence in Ukraine. Bank Forum was established in 1994 and has assets of around €1.4bn, making it the 10th largest bank in the country with a market share of 2.3%. The bank operates a network of around 230 branches and other outlets, and plans to raise the number of its outlets to 400 within the next four years. Several leading international financial institutions have already entered the local retail market and operate established banking networks.

Source: *Economist Intelligence Unit*

## KAZAKHSTAN

### Subordinated loans to be excluded from reserve requirements

The National Bank of Kazakhstan (NBK) declared that subordinated loans will be excluded from the calculation of minimum reserve requirements for domestic banks as of October 10th. According to the NBK, this will free up KZT300bn or around \$2.5bn for local banks. The decision is part of a set of short-term measures to stabilize the banking sector. The bank views the \$11bn in tenge liquidity provided to the banking sector in August and September through reverse repo and swap transactions as more than enough. It added that banks have generated enough cash to meet external debt obligations in the near term and there is no need for provision of foreign currency support. The NBK has strongly advised local banks to abstain from borrowing on international capital markets for the rest of the year to reduce leverage and remove pressure from the CDS markets. Also, the NBK stated that a number of banks considered purchasing their own bonds given the high market discount at the moment, although most were allegedly unsatisfied with the prices offered.

Source: *Credit Suisse*

## RUSSIA

### Measures to support banks' liquidity

The Russian government plans to place funds earmarked for the state development institutions on deposit with local banks, in order to help banking sector liquidity. The Finance Ministry is preparing a draft budget amendment that would allow RUB550bn, or \$22bn, of funds due to be transferred to various development agencies by year-end to be temporarily placed as deposits with state-owned financial institutions. This amount includes some \$12.4bn from the Yukos auctions currently kept in accounts at Gazprombank, the agent bank of Yukos' liquidators.

Source: *Credit Suisse*

## ALGERIA

### Iranian bank to open local branch

The Iranian state-owned Export Development Bank of Iran (EDBI) announced plans to open a branch in Algeria in the near future. The bank aims to facilitate banking relations between the two countries. Trade volume between the two countries in only about \$20m but several contracts and memorandum of understanding were signed recently between the two sides. The bank plans offers corporate banking products and services targeting exporters in Iran; trade finance. An increasing number of foreign banks have ended business with Iran and the U.S. has barred American financial institutions from conducting transactions with Iranian counterparts.

Source: *Teheran Times*



# ENERGY / COMMODITIES

## Oil over \$81, winter supply fear increase

Oil prices firmed on Thursday, extending gains above \$81 as dealers braced for a possible decline in U.S. winter fuel stocks and factored in a disruption in crude production in Alaska. U.S. crude rose 16 cents to \$81.46 a barrel after gaining more than \$1.04 on Wednesday. London Brent crude rose 19 cents to \$78.79. Oil is hovering near its highest in two weeks, with heating oil futures leading recent gains as traders grow worried that global oil inventories may be insufficient to meet heating fuel demand in the coming northern hemisphere winter. U.S. weekly oil inventory are expected to show a 400,000-barrel decline in distillate stocks, which includes heating fuel. Crude inventories are expected to have risen by 900,000 barrels while gasoline stocks edge up by 100,000 barrels. European oil inventories fell in September, data showed this week.

Crude oil prices rose a day ago after British oil company BP said that a fire at its vast Prudhoe Bay oil field in Alaska will force it to shut-in 30,000 barrels of daily production for two weeks. Oil prices have been holding around the \$80 mark since reaching a record \$83.90 in mid-September, shrugging off OPEC's pledge to add 500,000 bpd more oil to the market next month. Top exporter Saudi Arabia made good on that pledge, telling top Asian customers that it would increase their sales by about a tenth, although European refiners said that they will not get additional oil.

Source: Reuters

## Iran and Syria sign \$1bn gas deal

Syria and Iran signed a memorandum of understanding on the import of Iranian natural gas to Syria. The deal will see Iran exporting 3 billion cubic meters of natural gas annually to Syria, with exports beginning in 2009 and worth \$1bn annually. The gas would be supplied to Syria through Turkey, which already receives Iranian gas through a pipeline linking the northern city of Tabriz and Ankara. The two sides also discussed the progress of the Syrian-Iranian-Venezuelan refinery and said they would hold a meeting involving officials from the three countries in late October to sign an agreement on the project. The project involves constructing an oil refinery in Syria with a capacity of 140,000 barrels a day.

Source: UPI

## Ukraine and Gazprom settle gas dispute

Russia's state-controlled gas monopoly Gazprom and Ukraine reached a deal on repayment terms of Kiev's €1.4bn debt. Under the deal, some €850m will be paid by transferring gas from storage facilities in Ukraine to Gazprom for further export, and the rest by the gas distributors on the Ukrainian market. Kiev will pay off its debt by the start of November. Gazprom threatened to cut gas supplies to Ukraine at the end of this month if the country failed to resolve the €900m debt the company says Kiev owed. But Gazprom later stated that Ukraine's debt had risen by early October to €1.4bn, and refused to comment on why or how the debt had increased.

Source: Financial Times

## Base metals: Prices are still rising

Base metal prices had a good start into the fourth quarter. This week, prices increased, although trading volume remained thin amid the absence of Chinese market participants due to the week-long holiday. Despite the recent positive performance, markets are not convinced of the sustainability of the current rally. While the LME index trades higher and some markets, such as aluminium, have seen renewed inventory declines, inventory levels for the sector as a whole are still increasing. Traders would like to see a turnaround in inventory levels and increasing Chinese metals imports before turning more positive on base metal prices. In this regard, the current rally may be more fragile than many market participants believe. While market players do not expect to see a severe correction, base metal prices should see some volatility in the weeks ahead. However when inventories have made the turnaround toward lower levels, the overall upward trend of the base metal complex should resume on a more sustained basis.

Source: Credit Suisse

## Precious metals: Profit taking amid a stronger dollar

After the remarkable rally which started in mid-August and took gold prices from \$645 to \$745 at times, there was some profit taking in precious metals this week. Prices are slightly weaker across the board. The main reason for the current price dip is the appreciation of the dollar, which could be observed in recent days. In platinum and palladium, sentiment has been additionally dampened by news that Mazda has developed a new technology that reduces the amount of platinum and palladium used in three-way catalytic converters by 70%-90%. While this technology should have an impact on long-term demand for platinum and palladium, there will presumably be only little effect over the next months, as Mazda has not given a date to roll out the technology. In light of this news and the stronger dollar, the profit taking is not a big surprise in the gold market in particular. After the rally, speculative long positions in gold have reached new historical highs. Therefore, the risk of temporary profit taking was and still is elevated.

Source: Credit Suisse

Commodities price developments	level	6m ave	12m ave	mom%	yoy%
Economist commodity price index	216.8	203.7	194.8	6.5	25.7
LME metals price index	3993.8	4039.6	3880.7	8.2	13.0
Oil prices USD	81.5	70.5	64.9	8.5	36.9
Oil prices SDRs	52.4	46.2	42.9	6.8	30.3
Gold \$/troy oz	731.1	676.1	655.0	7.5	30.0
Silver cents/troy oz	1322.0	1301.2	1299.7	9.3	22.1
Platinum \$/troy oz	1357.0	1292.5	1227.3	6.9	23.1
Copper \$/MT	8265.0	7697.4	7099.5	13.2	10.9
Nickel \$/MT	30302.5	38685.5	38153.5	8.1	-3.8
Aluminium \$/MT	2385.5	2646.0	2706.1	-0.8	-5.3
Zinc \$/MT	3025.3	3441.7	3635.3	-3.2	-11.0
Steel - HR coil dry \$/MT	565.0	549.0	526.0	0.0	-1.7

Source: Credit Suisse



# COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	EIU								
<b>Africa</b>													
Algeria	-	-	-	-	BBB	9.9	19.5	3.8	6.4	1.6	5.0	15.7	0.8
	-	-	-	-	Stable								
Angola	-	-	-	-	B	1.8	16.9	21.6	22.0	11.4	216.9	22.7	4.6
	-	-	-	-	Positive								
Egypt	BB+	Ba1	BB+	BB+	B	-7.5	91.5	24.7	119.2	5.8	118.0	1.4	5.1
	Stable	-	-	Stable	Stable								
Ethiopia	-	-	-	-	CCC	-5.7	77.9	23.7	128.7	2.7	246.1	-16.5	2.2
	-	-	-	-	Stable								
Ghana	B+	-	-	-	B	-3.1	38.6	26.9	86.5	2.7	152.4	-6.7	-
	Stable	-	-	-	Stable								
Ivory Coast	-	-	-	-	CCC	-1.8	69.4	64.3	133.3	4.2	603.3	5.4	-
	-	-	-	-	Stable								
Libya	-	-	-	-	BB	32.2	5.8	10.3	14.5	3.1	7.8	18.5	2.8
	-	-	-	-	Stable								
Mauritania	-	-	-	-	-	-2.3	105.9	78.9	123.4	4.5	-	-2.6	-
	-	-	-	-	-								
Morocco	BB+	Ba1	BBB-	BB+	BB	-2.7	55.9	24.0	130.8	9.6	75.3	4.0	1.9
	Positive	-	-	Stable	Stable								
Nigeria	BB-	-	BB-	-	BB	-1.4	11.1	4.0	8.7	3.7	14.18	9.7	1.4
	Stable	-	-	-	Stable								
Sudan	-	-	-	-	CC	-2.3	51.5	58.4	296.5	3.6	-	-9.8	7.4
	-	-	-	-	Stable								
Tunisia	BBB	Baa2	BBB	BBB	BBB	-2.9	54.8	54.7	134.2	15.2	260.1	-1.6	2.7
	Stable	-	-	Stable	Stable								
<b>Middle East</b>													
Bahrain	A	A2	A-	A-	A	6.1	25.8	129.0	63.1	5.8	750.7	9.9	12.1
	Stable	-	-	Stable	Stable								
Iran	-	-	B+	-	B	-11.1	24.1	5.2	20.3	3.2	25.4	3.1	0.0
	-	-	-	-	Stable								
Iraq	-	-	-	-	D	-0.3	-	111.9	195.7	3.8	-	4.7	-
	-	-	-	-	Stable								
Jordan	BB	Ba2	-	BB	B	-3.4	73.2	89.0	137.0	6.6	221.6	-13.6	12.6
	Stable	-	-	Stable	Stable								
Kuwait	AA-	Aa2	AA-	AA-	A	33.3	9.2	17.9	32.8	2.0	106.2	39.3	-4.5
	Stable	-	-	Stable	Stable								
Lebanon	B-	B3	B-	B-	CCC	-13.1	174.6	101.6	492.5	14.8	242.6	-10.8	4.7
	Negative	-	-	Negative	Stable								
Oman	A	A2	-	BBB+	A	10.1	7.7	17.2	19.8	5.9	113.7	8.6	2.0
	Stable	-	-	Stable	Stable								
Qatar	AA-	Aa2	-	A+	A	6.8	15.5	47.0	96.5	10.9	407.7	27.8	4.3
	Stable	-	-	Stable	Stable								
Saudi Arabia	AA-	A1	A+	A+	A	19.4	4.7	8.4	26.1	2.4	122.9	31.9	0.5
	Stable	-	-	Stable	Stable								
Syria	-	-	-	-	CCC	-5.3	44.1	20.1	49.3	4.1	107.8	-1.1	1.4
	-	-	-	-	Stable								
UAE	-	Aa3	-	AA-	A	23.9	10.6	60.0	29.8	2.0	332.9	18.8	5.2
	-	-	-	Stable	Stable								
Yemen	-	-	-	B-	B	-	38.8	28.9	69.2	2.8	73.9	-5.2	-
	-	-	-	Stable	Stable								



# COUNTRY RISK METRICS

Countries	LT Foreign currency rating					Central gvt. balance/ GDP (%)	Public debt (% of GDP)	External debt / GDP (%)	External debt/ Exports (%)	Debt service ratio (%)	External Debt/ Forex Res. (%)	Current Account Balance / GDP (%)	Net FDI / GDP (%)
	S&P	Moody's	Fitch	CI	EIU								
<b>Central &amp; Eastern Europe</b>													
Armenia	-	Ba2	BB-	-	-	-3.3	17.6	27.1	210.0	2.6	161.6	-4.1	3.5
Bulgaria	BBB+ Stable	Baa3	BBB	-	BBB	2.6	19.5	80.0	147.3	18.0	228.2	-16.1	11.0
Kazakhstan	BBB- Stable	Baa2	BBB	-	BB	0.3	4.4	60.4	225.2	36.0	197.8	2.3	5.1
Romania	BBB- Stable	Baa3	BBB	BBB- Stable	BBB	-2.9	12.8	42.0	178.3	22.3	233.1	-11.9	6.9
Russia	BBB+ Stable	Baa2	BBB+	-	BBB	3.6	8.2	33.5	90.8	12.5	98.5	6.3	1.3
Turkey	BB- Stable	Ba3	BB-	BB- Stable	B	-2.0	60.9	52.3	194.8	37.6	340.6	-7.9	4.6
Ukraine	BB- Negative	B1	BB-	-	BB	-2.6	17.5	44.7	105.6	17.5	207.5	-3.6	4.2

Sources: Moody's Investors Service; EIU - The above figures are estimated for 2007



## SELECTED POLICY RATES

	Benchmark rate	Current (%)	Last meeting		Next meeting
			Date	Action	
USA	Fed Funds Target Rate	4.75	18-Sep-07	Cut 50bps	31-Oct-07
Eurozone	Refi Rate	4.00	02-Aug-07	No change	04-Oct-07
UK	Base Rate	5.75	02-Aug-07	No change	04-Oct-07
Japan	O/N Call Rate	0.50	19-Sep-07	No change	11-Oct-07
Australia	Cash Rate	6.50	02-Oct-07	No change	06-Nov-07
New Zealand	Cash Rate	8.25	12-Sep-07	No change	24-Oct-07
Switzerland	3 month Libor target	2.75	13-Sep-07	Raise 25bps	13-Dec-07
<b>Emerging Markets</b>					
China	One-year lending rate	7.29	14-Sep-07	Raise 27bps	N/A
Hong Kong	Base Rate	6.25	19-Sep-06	Cut 50bps	N/A
Taiwan	Discount Rate	3.25	20-Sep-07	Raise 12.5bps	31-Dec-07
South Korea	O/N Call Rate	5.00	07-Sep-07	No change	11-Oct-07
Malaysia	O/N Policy Rate	3.50	24-Aug-07	No change	30-Oct-07
Thailand	1D Repo	3.25	06-Sep-07	No change	08-Oct-07
India	Reverse repo rate	6.00	31-Jul-07	No change	31-Oct-07
UAE	3M EBOR	5.50	N/A	N/A	N/A
Saudi Arabia	Repo Rate	5.20	29-Jun-06	Raise 20bps	N/A
Egypt	Overnight lending	10.75	Oct-07	No change	N/A
Turkey	Base Rate	17.25	13-Sep-07	Cut 25bps	16-Oct-07
South Africa	Repo rate	10.00	16-Aug-07	Raise 50bps	11-Oct-07
Kenya	Central Bank Rate	8.75	04-Oct-07	No change	Dec-07
Nigeria	Monetary Policy Rate	8.00	03-Oct-07	Raise 100bps	Dec-07
Ghana	Prime Rate	12.50	27-Aug-07	No change	Oct 07
Mexico	Target Rate	7.25	21-Sep-07	No change	26-Oct-07
Brazil	Selic Rate	11.25	05-Sep-07	Cut 25bps	17-Oct-07
Armenia	Repo Rate	4.75	N/A	N/A	N/A
Romania	Policy Rate	7.00	Oct-07	No change	N/A
Bulgaria	Overdraft rate	8.40	N/A	N/A	N/A
Kazakhstan	Reverse repo rate	9.00	01-Jul-06	N/A	N/A

Source: Standard Chartered - Countries in bold updated on October 11, 2007

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